

Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-09

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

T-03 OMB-01 COME-00 GSA-01 OEP-01 TRSE-00 AGR-20

INT-08 INRE-00 RSR-01 STR-08 /130 W
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P R 160914 Z MAR 73

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC PRIORITY 3814

INFO AMEMBASSY JAKARTA

AMEMBASSY BANGKOK

AMEMBASSY SINGAPORE

UNCLAS KUALA LUMPUR 1083

E. O. 11652: N/A

TAGS: EIND

SUBJECT: EDITORIAL COMMENT ON STOCKPILE RELEASES

REF: KL 1063

1. AS EXAMPLE OF PRESS REACTION TO STOCKPILE RELEASE
ANNOUNCEMENT QUOTED BELOW IS EDITORIAL FROM MARCH 16 STRAITS
TIMES ENTITLED, "MALAYSIAN SHOCK."

"SALES FROM THE AMERICAN STRATEGIC STOCKPILE TO HELP
DRIVE DOWN SOARING COMMODITY PRICES IS BAD NEWS. THE ADMIN-
ISTRATION HAS MADE UP ITS MIND, THE ANNOUNCEMENT IS EXPECTED
SHORTLY AND SALES WILL BEGIN STRAIGHT AWAY. UNHAPPILY IT IS
EVIDENT THAT EVEN IF THERE IS TO BE CONSULTATION WITH PRO-
DUCER COUNTRIES, THE AMERICANS WILL NOT CHANGE THEIR DECISION
TO KNOCK THE PRICE BY REDUCING THE STOCKPILES. THEY MAY
LISTEN TO ARGUMENTS ON LEVELS.

THIS IS SOMETHING QUITE NEW AND DISTRESSING IN THE STOCK-
PILE STORY. RELEASES FROM THE STOCKPILE HAVE ALWAYS COIN-
CIDED WITH A TIME OF HIGH PRICES, NATURALLY SO, BUT ON THE
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UNDERSTANDING THAT SALES WOULD NOT SERIOUSLY DISTURB THE MARKET OR PUT PRODUCER COUNTRIES IN DIFFICULTY. THERE HAVE BEEN OCCASIONAL MISTAKES, USUALLY OVER TIN AND RUBBER FOR SOME UNDEFINABLY REASON, BUT IN RECENT YEARS THE AMERICANS HAVE BEEN MORE AMENABLE TO REASON.

THE CLASSIC CASE WAS THE RELEASE OF TIN AFTER THE PRICE HAD BEEN TALKED DOWN FROM 1,600 (POUND STERLING) A TON, WITH THE RESULT THAT WHEN THE G. S. A. BEGAN SELLING TIN THE INTERNATIONAL TIN COUNCIL' S BUFFER POOL MANAGER WAS BUYING IT, AS HE WAS BOUND TO DO TO SUPPORT THE PRICE. SALES WHICH ARE DELIBERATELY INTENDED, HOWEVER, TO FORCE THE PRICE DOWN ARE A COMPLETE DEPARTURE FROM BOTH PRACTICE AND ASSURANCE, AND WASHINGTON MUST EXPECT STRONG PROTEST. AGAIN WITH TIN AS AN EXAMPLE, THE U. S. IS GOING TO SELL WHILE PRODUCER COUNTRIES ARE UNDER EXPORT RESTRICTIONS.

THE OFFICIAL ANNOUNCEMENT WILL TRY TO PUT A DIFFERENT GLOSS ON IT. THE STRATEGIC STOCKPILES ARE TOO BIG (WHICH FOR THE MOST PART THEY ARE), PRICES HAVE IMPROVED AND HERE IS AN OPPORTUNITY TO REDUCE GOVERNMENT EXPENDITURE AND THE IMPORT BILL. CONGRESS WILL LEAP AT THE CHANCE. AMERICAN INDUSTRY AND AMERICAN CONGRESSMEN HAVE ALWAYS SHARED A NEUROTIC OBSESSION THAT LITTLE COUNTRIES WHICH GROW RUBBER OR MINE TIN AND OTHER METALS WHICH THE AMERICANS LACK ARE SHAMELESS GOUGERS. WE CAN PUT NO HOPE IN THE MONITORING SYSTEM, WHICH THE AMERICANS WILL USE TO MAKE SURE HOW SUCCESSFUL THEY ARE. HOW HARD THE BLOW IS DEPENDS ON HOW MUCH THE G. S. A. INTENDS TO SELL. THERE ARE A DISPOSABLE 18,300 TONS IN THE TIN STOCKPILE, AND 172,000 TONS OF RUBBER. BUT THE STRATEGIC RESERVE IS BEING REASSESSED, AND A GREAT DEAL MORE THAN THAT MAY BE SOLD. THIS IS AN UNEXPECTED AND INJURIOUS ASSAULT WHATEVER THE MOTIVE."

LYDMAN

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